

FIFTY-FOURTH ANNUAL REPORT

THE CROW'S NEST PASS COAL COMPANY,
LIMITED

FERNIE, BRITISH COLUMBIA

ESTABLISHED 1897

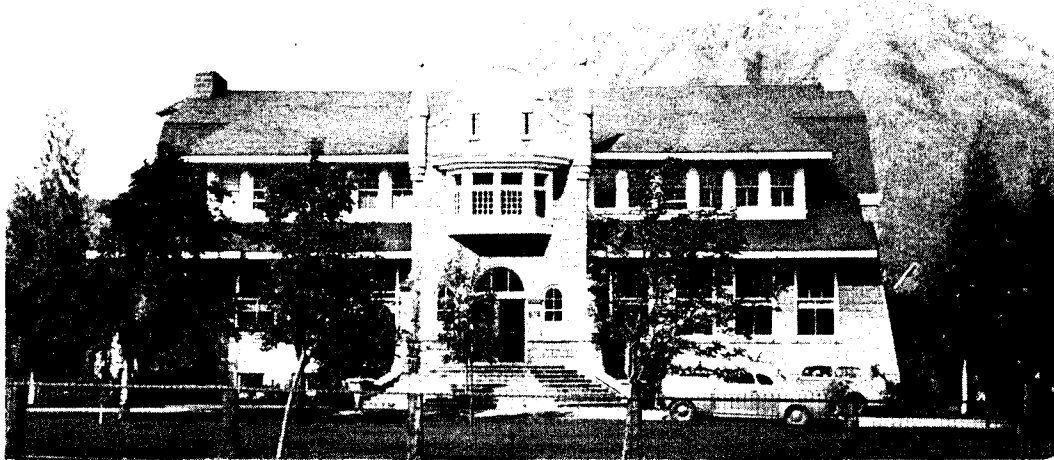


FOR THE YEAR ENDING DECEMBER 31, 1950

FIFTY-FOURTH ANNUAL REPORT

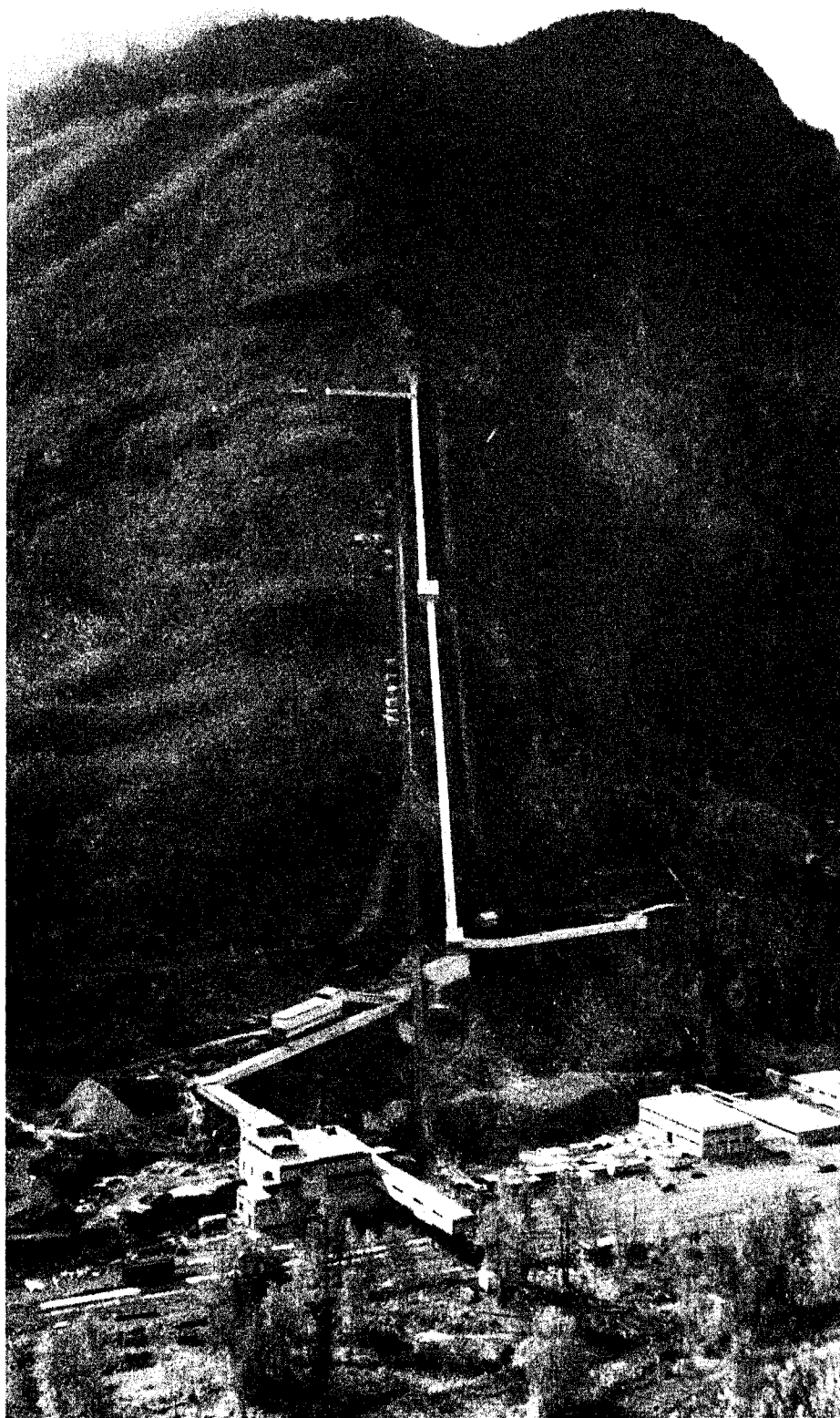
THE CROW'S NEST PASS COAL COMPANY, LIMITED
FERNIE, BRITISH COLUMBIA

(Incorporated 1897)



HEAD OFFICE, FERNIE, B.C.

YEAR 1950



ELK RIVER COLLIERY

BOARD OF DIRECTORS

Erasmus C. Lindley	Thomas Balmer	Welles V. Moot
T. G. Ewart	F. D. Pratt	T. J. Thomas
	D. M. Mitchell	

EXECUTIVE COMMITTEE

Thomas Balmer, *Chairman*

T. G. Ewart	F. D. Pratt
T. J. Thomas	D. M. Mitchell

OFFICERS

T. G. Ewart.....	President
Thomas Balmer	First Vice-President
F. D. Pratt	Second Vice-President
J. A. Tauer	Comptroller
T. H. Wilson	General Manager
W. R. Prentice	Secretary
D. M. Mitchell	Assistant-Secretary
A. L. McPhee	Treasurer
Welch, Hinton & Welch	Auditors

TRANSFER AGENTS

The Toronto General Trusts Corporation, Toronto, Ont.
Bankers Trust Company, New York, N.Y.

REGISTRARS

National Trust Company, Limited, Toronto, Ont.
Central Hanover Bank & Trust Co., New York, N.Y.

REPORT OF THE PRESIDENT

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Fernie, British Columbia, March 31st, 1951

To the shareholders of The Crow's Nest Pass Coal Company, Limited:

We submit herewith the fifty-fourth Annual Report of your Company for the year ended December 31st, 1950, together with Balance Sheets and statements of Income and Surplus certified by your Auditors, Welch, Hinton and Welch.

INCOME

Net profit after provision for taxes, depreciation and depletion was \$602,969.53. This is an increase of \$154,414.39 from the previous year.

DIVIDENDS

Distribution to shareholders during the year amounted to \$248,472.00 which is equivalent to \$4.00 per share. Net earnings during the year 1950 were equivalent to \$9.70 per share.

INVESTMENTS

Your Company as of the close of business on December 31st, 1950, had investments of \$1,219,420.79 in Dominion of Canada bonds at varying maturity dates. Investment in these securities was made with cash realized from depreciation and depletion reserves and is maintained as a safety measure to provide for emergency and Capital Expenditures.

CAPITAL EXPENDITURES

The net capital expenditures made by this Company and its subsidiaries during the year amounted to \$265,857.98. These expenditures were incurred primarily on an electrification program at your Elk River colliery and for extension to the preparation plant at this colliery.

PRODUCTION

Coal mined amounted to 1,025,090 tons as compared with 1,094,998 tons in 1949. Coke produced amounted to 156,186 tons in 1950 compared with 155,675 tons in 1949. Coal production during the year was adversely affected by severe winter weather, the railway strike, and a shortage of railway cars for several months.

MARKETS

Market conditions continue to be satisfactory and demand exists for your total production for the year 1951. Competition from the oil industry is developing with the construction of new refineries in Western Canada. However, the expansion of industry in your market area is at present sufficient to compensate for any tonnage lost to oil.

EMPLOYEES

District 18, United Mine Workers of America, signed a labor contract with the Western Canada Bituminous Coal Operators' Association, effective February 16, 1950, for a two year period. Our employees are members of this Union and your Company is a member of the above named Association. This contract was legally subject to cancellation by either party effective February 16th, 1951. In view of the changes in the costs of living a new contract was signed effective February 17, 1951, for a period of one year, whereby all wages were increased by 80c per day while all other provisions of the labor agreement remained unchanged.

SUBSIDIARIES

Two subsidiary companies are wholly owned, i.e., the Morrissey, Fernie and Michel Railway and the Crow's Nest Pass Electric Light and Power Company, Limited. According to best information and appraisal available, the investment in the subsidiaries as reflected on the parent company's books does not exceed the net worth of their assets.

LUMBER OPERATIONS

The first commercial shipments of dressed lumber were made in February 1950 and operations were conducted successfully for the remainder of the year. Your Company plans to utilize and market approximately 9,000,000 board feet of lumber in 1951.

CONCLUSION

In 1950 work was commenced on the electrification of your No. 9 mine at Elk River colliery. This program will continue in 1951 and it is anticipated that this will result in greater efficiency and increased production. Surface facilities at this colliery are also being improved to provide for the efficient handling of a greater daily tonnage. All plants and equipment are being well maintained and are in excellent condition.

By order of the Board of Directors,

T. G. EWART,
President.

THE CROW'S NEST PASS

BALANCE SHEET,

ASSETS

Cash on hand and in banks	\$ 924,479.23	
Accounts receivable—Trade and sundry	908,143.30	
—Wholly owned subsidiary Company.....	3,890.13	
Inventories and supplies at cost or useful value	476,676.53	
Bonds and Shares (market value \$1,200,016.93), at cost	1,219,498.44	
Total Current Assets.....		\$3,532,687.63
Shares (no established market value) nominal value.....		1.00
Imperial Bank of Canada—Dividend Account—to provide for issued and outstanding dividend cheques—per contra		23,564.98
Long term advance to subsidiary company.	61,075.60	
Shares of wholly owned companies.....	335,690.03	
		396,765.63
Mines, real estate, plant and equipment at cost less amounts written off to reserves.....	10,354,343.19	
Less: Reserves for depletion, depreciation and amortization..	7,376,853.19	
		2,977,490.00
Prepaid expenses, insurance, etc.		2,667.02
Erickson lumber road and camp buildings.		28,385.30
		<u>\$6,961,561.56</u>

To the Shareholders, The Crow's Nest Pass Coal Company, Limited, Fernie, B.C.

We report that we have audited the books and accounts of your Company for the year ended December 31st, 1950, and certify that we have obtained all the information and explanations required.

We confirmed the securities of the Company held for safekeeping by the Imperial Bank of Canada, Vancouver Branch, by certificate from the depository.

The cash and bank balances were verified, either by actual count or by certificates from the depositories.

Full provision has been made for Income Taxes.

The Balance Sheet and Statement of Income submitted herewith do not include the assets, liabilities, or the operating results of your subsidiary Companies other than by way of your investment in the shares of the subsidiaries. The operations of the subsidiary Companies for the year ended December 31st, 1950, resulted in a profit.

Subject to the foregoing, we certify that the accompanying Balance Sheet and Statement of Income are, in our opinion, properly drawn up so as to exhibit a true and correct view of the state of the Company's financial affairs as at December 31st, 1950, and the result of its operations for the year ended that date, according to the best of our information, the explanations given us and as shown by the books of the Company.

February 20th, 1951.

WELCH, HINTON & WELCH
Chartered Accountants.

PASS COAL COMPANY, LIMITED

SHEET, DECEMBER 31st, 1950

LIABILITIES

Accounts payable—including accrued wages	\$ 111,916.12
Accrued taxes and assessments	19,098.80
Accounts payable to wholly owned subsidiary Company.....	6,180.99
Income Taxes—remainder payable	212,358.48
Total Current Liabilities	————— \$ 349,554.39
Dividend cheques—issued and outstanding per contra.....	23,564.98
Deferred purchase contract—coke ovens.....	532,187.21

Capital

Authorized \$10,000,000.00 dividend into 100,000 shares of par value of \$100.00 each Subscribed and paid up.....	\$6,212,666.66
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Deficit

December 31, 1950, as shown on accompanying statement.....	156,411.68	
	—————	6,056,254.98
		<u>\$6,961,561.56</u>

This is Balance Sheet referred to in Auditor's Report dated February 20th, 1951.

Signed on behalf of the Board,

THOMAS BALMER, *Director*
F. D. PRATT, *Director*

THE CROW'S NEST PASS COAL COMPANY, LIMITED

STATEMENT OF INCOME

For the year ended December 31st, 1950

Profit from operations		\$1,541,745.08
<i>Less:</i> Executive Officers' Salaries	\$ 57,571.97	
Counsel and legal fees	4,800.00	
Directors' fees.....	2,500.00	
Provision for depreciation and depletion	564,880.18	
		<u>629,752.15</u>
		911,992.93
OTHER INCOME:		
Interest and dividends on securities, bank interest and exchange less amortization of investments \$2,459.94	51,314.28	
Sundry Income and credits—net	28,220.80	
		<u>79,535.08</u>
		\$ 991,528.01
Provisions for Income Taxes, current year		388,558.48
		<u>388,558.48</u>
Net Profit for year		<u>\$ 602,969.53</u>

STATEMENT OF DEFICIT

December 31st, 1950

Distribution to shareholders to December 31st, 1939 from funds derived through creation of reserve for depletion, per resolution of Directors		*\$1,340,632.20
<i>Deduct:</i> Undistributed profits to December 31st, 1949	829,722.99	
Profit for year ended December 31st, 1950 as shown on Statement of Income	602,969.53	
		<u>\$1,432,692.52</u>
<i>Less:</i> Dividends paid in 1950.....	248,472.00	
		<u>1,184,220.52</u>
<i>Deficit</i> —December 31st, 1950 as shown on Balance Sheet		<u>\$ 156,411.68</u>

*This amount represents distributions paid to Shareholders under Section 83, ss. 4 and 5, of the Dominion Companies Act.

THE CROW'S NEST PASS COAL COMPANY, LIMITED

COMPARATIVE DISTRIBUTION OF REVENUE DOLLAR

